# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:844
ANSWERED ON:25.07.2003
REGIONAL RURAL BANKS
RENUKA CHOWDHURY

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Working Group set up to suggest measures for reviewing Regional Rural Banks Act, 1976 under the Chairmanship of Shri Chalapathy Rao, Managing Director of NABARD had submitted its report;

(b) if so, the main recommendations of the Working Group;

(c) whether the Government have examined the recommendations made by the Group; and

(d) if so, the reaction of the Government thereto?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE ( SHRI ANANDRAO V. ADSUL )

(a) : Yes, Sir.

(b) : The major recommendations of the working group are briefly as under :

? Changes in capital structure and ownership pattern of RRBs.
? Structural consolidation of RRBs by way of amalgamation on socio-economic zone basis.
? Enlarged role of sponsor institutions.
? Regulatory frame work for RRBs to be on the lines of those for commercial banks.
? Introduction of capital adequacy norms for RRBs in a phased manner.
? Need for one Supervisory Authority without prejudice to the powers of RBI.
? Need for a strong self-supervisory system and computer-based management system.
? Introduction of appropriate Assets-Liability Management systems and Risk Management systems.

(c) & (d): The recommendations of the working group have been sent to State Governments, Sponsor Banks and others concerned for comments/suggestions. However, replies from several State Governments are yet to be received.